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Obama Abandons Medicare

President Obama and Democrats claim to be committed to “protecting” seniors. But their policies fail to protect the essential Medicare program. It is yet another broken promise by the president. Once again this week, President Obama [ignored](#) a legal requirement to produce a plan to strengthen Medicare – the fourth straight year he has failed to put a plan forward. And reports [indicate](#) Democrats in the Senate have no plans to strengthen Medicare because it would be “giving away the biggest [political] advantage” Democrats have had “in some time.”

The failure of the President’s health care law to strengthen Medicare is a prime example of Democratic hypocrisy. A close look at provisions in the law reveal how it’s fiscal gimmicks and centralized control undermine the Medicare program, harming seniors in the process.

Millions Lose Their Current Coverage

The Congressional Budget Office (CBO) [estimates](#) that the president’s health care law will cut a total of **\$202.3 billion** from Medicare Advantage plans. These plans deliver a range of health care options to more than [12 million seniors](#), one-quarter of those enrolled in the Medicare program. One recent [study](#) demonstrated that the law will cause Medicare Advantage plan enrollment to be cut **in half** by 2017. In addition to enrollment being cut, seniors’ choice of health care plans will be **cut by two-thirds**.

The Health Care Law Hurts Medicare’s Long-Term Solvency

Obama Administration actuaries have [confirmed](#) that the president’s health care law will **increase overall health spending** by \$311 billion. The increased spending further exacerbates the long-term trends that have placed the Medicare program in financial trouble.

The president’s health care law uses Medicare savings not to strengthen Medicare, but to fund new entitlements. The CBO [stated](#) the law “would not enhance the ability of the government to pay for future Medicare benefits.” The non-partisan Medicare actuary [confirmed](#) that Medicare reductions in the law “cannot be simultaneously used to finance other federal outlays and to extend the [Medicare] trust fund.” Even Speaker Pelosi admitted this problem in November,

when she said in an [interview](#) that “**we took half a trillion dollars out of Medicare** in...the health care bill,” to pay for other program spending.

Unsustainable Payment Cuts Would Drive Hospitals Out of Business

Medicare payment reductions in the Obama health care law will not improve the solvency of the program. CBO [concluded](#) that the reductions are **phantom savings**. They say the largest Medicare reductions—permanent reductions in payments to hospitals and other Part A medical providers—will be “difficult to sustain for a long period.” The non-partisan Medicare actuary also [found](#) that provisions in the health care law “are unlikely to be sustainable on a permanent annual basis.”

One [analysis](#) conducted by the Medicare actuary found that over the long term, Medicare would pay hospitals only about one-third the rate paid by private health insurance. These reductions would cause **up to 40 percent of hospitals to become unprofitable**—meaning medical providers would likely have to stop treating Medicare patients to remain in business, and thus jeopardizing beneficiaries’ access to care.

Cuts to Doctors Would Lead to Higher Premiums

The president’s health care law did not fix the Medicare formula for physician reimbursement levels. As a result, physicians will receive a 32 percent cut in payment levels beginning in January 2013 and further reductions thereafter while health costs continue to rise. The president’s FY 2013 [budget](#) does not fix the funding shortfall either – it ignores the \$429 billion cost for the fix. If the president’s proposals become law, seniors would pay higher Part B premiums—**more than \$100 billion**.

Most Seniors Will Pay More

In order to give a select group of beneficiaries richer coverage, the president’s health care law raises seniors’ Part D premiums. CBO [estimated](#) that “the law would lead to an average increase in premiums for Part D beneficiaries of about four percent in 2011, rising to about nine percent in 2019.” That means [17 million seniors](#) enrolled in Part D plans are paying **higher premiums** so that about 400,000 beneficiaries passing through the so-called “doughnut hole” can receive the full benefit of the law’s drug discount. Many of these beneficiaries are low-income seniors whose additional costs were already covered before the President’s health care law.

The Law Puts Washington Bureaucrats in Control

The president’s health care law establishes a new board of 15 **unelected, unaccountable bureaucrats** empowered to make decisions with the force of law on reductions within Medicare. Each of these officials, whose salaries will be paid by the federal government, could be in power for well over a decade. The law mandates that a majority of board members must consist of economists and other similar “experts,” NOT practicing doctors, nurses, or other medical providers. Its members will make rulings to reduce Medicare spending, and these rulings will be binding unless overturned by a supermajority of both houses of Congress.

Medicare beneficiaries who are harmed by this unaccountable board will have **no recourse** to appeal its decisions, as the law prohibits both judicial and administrative review of the board's decisions. Patients should be concerned that the law inserts bureaucrats between patients and doctors.

Medicare must be strengthened. CBO [projects](#) that the Medicare trust fund will run deficits in the tens of billions of dollars **forever**. The president's former Chief of Staff, Bill Daley, [said](#) in July that the program "will run out of money in five years if we don't do something." The president himself [acknowledged](#) that "if you look at the numbers, then Medicare in particular will run out of money and we will not be able to sustain that program no matter how much taxes go up. I mean, it's not an option for us to just sit by and do nothing."

Unfortunately, **the president's health care law fails** a Medicare program in need of strengthening. The law imposes budget gimmicks that divert Medicare savings to pay for new programs, and assumes payment reductions that will have to be overridden for seniors to have access to care. Moreover, the law centralizes control within a government-run system, eliminating choices in Medicare Advantage and ceding massive power to a board of unelected and unaccountable bureaucrats. While Democrats claim that Republicans want to destroy Medicare, it is **Democrats who radically altered the program** for the worse as part of President Obama's massive 2700-page health law.